

Building Blocks

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FHLBank System Honors Members, Nonprofits For Housing, Community Development Partnerships

The Federal Home Loan Bank System held its 2nd Annual Community Partnership Awards ceremony and luncheon May 29 in Washington, honoring 47 FHLBank System member institutions and nonprofit organizations that have provided outstanding leadership in creating partnerships for low-income affordable housing and community development initiatives.

Approximately 225 people representing public and private sector housing finance and community development organizations from Connecticut to California gathered at the Hyatt Regency Washington for the 3-hour awards ceremony and luncheon. Senior executives from each of the 12 FHLBanks joined Federal Housing Finance Board Chairman Bruce A. Morrison and FHLBank of Cincinnati President Dr. Charles L. Thiemann in presenting the awards. Dr. Thiemann serves as the chairman of the FHLBank Presidents' Housing and Community Investment Committee, which sponsored the ceremony.

"The Community Partnership Awards is becoming one of the most important award ceremonies in the affordable housing and economic development field, and I believe it is important that we recognize those in our business who are doing an exceptional job." Chairman Morrison said.

"I can think of no better way to publicly acknowledge the dedication, innovation, and imagination exhibited every day in this field" he added.

(The list of 1995 Community Partnership Awards winners appears on pages 3 and 4)

The ceremony also included a tribute to I. Donald Turner, founder and president of BRIDGE Housing Corporation of San Francisco, who died April 3 in the airplane accident

that killed Department of Commerce Secretary Ron Brown and 31 others. Mr. Turner and BRIDGE were inaugural winners of the Community Partnership Award in 1995, and he had served on the FHLBank of San Francisco's Affordable Housing Advisory Council since it was founded in 1990.

Following the awards ceremony, honorees and guests

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1995 Community Partnership Awards Winners

Federal Home Loan Bank of Boston

HOUSING

People's Bank, Darien, Connecticut
Bank of Darien, Darien, Connecticut
Hall-Brooke Foundation, Westport, Connecticut

COMMUNITY DEVELOPMENT

Citizens Savings Bank, Providence, Rhode Island
Family Services, Inc., Providence, Rhode Island

Federal Home Loan Bank of New York

HOUSING

First Federal Savings and Loan Association of Rochester, Rochester, New York
North East Block Club Alliance, Rochester, New York

COMMUNITY DEVELOPMENT

OnBank & Trust Company, Syracuse, New York
Dey's Centennial Plaza Limited Partnership, Syracuse, New York
City of Syracuse, Office of Economic Development, Syracuse, New York

Federal Home Loan Bank of Pittsburgh

HOUSING

West View Savings Bank, Wexford, Pennsylvania
North Hills Affordable Housing, Pittsburgh, Pennsylvania

COMMUNITY DEVELOPMENT

One Valley Bank, NA, Charleston, West Virginia
Summers Street Development Limited Partnership, Charleston, West Virginia

Federal Home Loan Bank of Atlanta

HOUSING

First Federal Savings and Loan Association, Charleston, South Carolina

Volunteers of America of the Carolinas, Columbia, South Carolina

COMMUNITY DEVELOPMENT

The Peoples Bank and Trust Company, Selma, Alabama
Dr. Charles L. Lett, Selma, Alabama

Federal Home Loan Bank of Cincinnati

HOUSING

Great Financial Bank, FSB, Louisville, Kentucky
The Housing Partnership, Inc., Louisville, Kentucky

COMMUNITY DEVELOPMENT

Citizens National Bank, Sevierville, Tennessee

Federal Home Loan Bank of Indianapolis

HOUSING

Citizens National Bank of Evansville, Evansville, Indiana
Evansville Housing Authority, Evansville, Indiana

COMMUNITY DEVELOPMENT

Wolverine Bank, FSB, Midland, Michigan
MidMichigan Regional Health System

(See WINNERS, page 4)

1995 Community Partnership Awards Winners

(WINNERS. from page 3)

Federal Home Loan Bank of Chicago

*Marion County Economic Development District,
Columbia, Mississippi*

HOUSING

*Standard Federal Bank for Savings, Chicago, Illinois
Illinois League of Financial Institutions, Springfield,
Illinois*

COMMUNITY DEVELOPMENT

*Westby-Coon Valley State Bank, Westby, Wisconsin
Family and Children's Center, Lacrosse, Wisconsin*

Federal Home Loan Bank of Des Moines

HOUSING

*Norwest Bank Minnesota, NA, Minneapolis,
Minnesota
Anoka County Community Action Program, Inc.,
Blaine, Minnesota*

COMMUNITY DEVELOPMENT

*First Federal Savings Bank, Morris, Minnesota
Stevens County Economic Improvement Commission,
Morris, Minnesota*

Federal Home Loan Bank of Dallas

HOUSING

*Bank of Bentonville, Bentonville, Arkansas
Community Development Corporation
Bentonville/Bella Vista, Bentonville, Arkansas*

COMMUNITY DEVELOPMENT

Citizens Bank, Columbia, Mississippi

Federal Home Loan Bank of Topeka

HOUSING

*First Federal Savings Bank of Colorado, Denver,
Colorado
Chesney-Kleinjohn Housing Inc., Denver, Colorado*

COMMUNITY DEVELOPMENT

BancFirst, Oklahoma City, Oklahoma

Federal Home Loan Bank of San Francisco

HOUSING

American Savings Bank, F.A., Irvine, California

COMMUNITY DEVELOPMENT

*Visalia Community Bank, Visalia, California
Visalia YMCA, Visalia, California*

Federal Home Loan Bank of Seattle

HOUSING

*Washington Mutual Bank, Seattle, Washington
HomeSight, Seattle, Washington*

COMMUNITY DEVELOPMENT

*Bitterroot Valley Bank, Lolo, Montana
Hanson Family Limited Partnership, Polson, Montana*

Finance Board Approves Advances for Minneapolis Jobs, Housing Program

The Federal Housing Finance Board approved on June 5 a request to allow the FHLBank of Des Moines to make an advance covered by a special exemption of the Federal Home Loan Bank Act to the Minneapolis Community Development Agency (MCDA), a nonmember mortgagee, to fund a local housing and economic development project.

According to a letter from the FHLBank of Des Moines, the MCDA proposed using \$2.5 million in FHLBank of Des Moines advances, which would be collateralized with U.S. Treasury securities, to fund its \$5 million Capital Investment Fund (Capital Fund).

The Capital Fund is intended to promote the retention and expansion of local businesses providing "living-wage" job opportunities to Minneapolis residents. The program will be targeted at industrial firms planning to expand in Minneapolis, but it also will be available to industrial and nonindustrial firms that offer entry-level jobs that pay at least \$7 an hour.

To qualify for Capital Fund loans, businesses must be located in a neighborhood where the majority of residents have incomes not exceeding 115 percent of the area median. The loans, which can range from \$250,000 to \$3 million, may be used to finance capital assets, and may have terms ranging from 1 year for construction and

bridge loans to 20 years for major capital projects. Participating companies will enter into job development/retention agreements with the city's employment and training department.

Collateral Requirements Different for HFAs and Nonmember Mortgagees

In addition, middle-income employees of participating companies will be eligible to obtain direct grants of up to \$2,000 from the MCDA for the purchase of homes valued at up to \$180,180 in Minneapolis. The grants will be structured as deferred loans that will be forgiven if the homebuyer stays in the home for at least 5 years. The MCDA will also make other housing assistance available to participating employees.

Retention of middle-income families is a major policy objective for the city, and the housing component is designed specifically to reach these individuals and families.

Federal law requires that all advances by FHLBanks be secured by collateral, and Section 10b(a) of the Bank Act states that nonmember mortgagees may pledge only FHA-insured mortgages as collateral for advances.

However, a special exemption in the law allows state housing finance agencies to pledge virtually the same collateral that FHLBank members may pledge to secure advances, provided the advance proceeds facilitate mortgage lending that benefits individuals and families meeting the income requirements of the Internal Revenue Code (IRC). Eligible collateral under the special exemption includes mortgages, mortgage-backed securities, Treasury and Agency securities, and residential real estate-related collateral. Though the MCDA serves the city of Minneapolis, under the Bank Act it qualifies as a state housing finance agency.

The Finance Board's approval is contingent upon the MCDA certifying that the advances are used to fund mortgage assets that benefit individuals and families meeting the income requirement of the IRC, and the FHLBank of Des Moines ensuring compliance with the Finance Board's regulations governing long-term advances and advances to nonmember mortgagees.

For additional information on the Capital Fund contact Willie Adams at (612) 673-5066 or Iric Nathanson at (612) 673-51283. □

\$200 Million in CIP for Rural LISC

FHLBank System Continues Efforts to Meet National Partners for Homeownership Goals

On June 6 the Department of Housing and Urban Development sponsored a housing summit to celebrate the first anniversary of the National Partners for Homeownership (NPH), a partnership growing out of the Clinton Administration's effort to add eight million households to the nation's homeownership rolls by 2000.

The nation's homeownership rate climbed to 65.1 percent in December 1995 -- the highest rate since 1981 -- from a rate of 64.2 percent a year earlier, translating into 1.4 million more American homeowners. This rate approaches the record of 65.8 percent in 1980

The FHLBank System is one of 58 public/private partners in the NPH. Collectively, they have agreed to implement 100 "action items" in the National Homeownership Strategy, with the 12 FHLBanks participating in 37 of the action items.

Highlights of the FHLBank System's participation in the NPH include:

• **Homeowner Set-Asides:** The FHLBanks of New York, Chicago, Des Moines, Pittsburgh, Seattle, and Indianapolis have collectively set aside \$6.5 million for homeownership projects under their AHP programs. The FHLBanks of Atlanta and Topeka are in the process of developing such initiatives.

• **Homeownership in Rural Areas:** The FHLBanks have collectively agreed to allocate \$200 million in CIP funds for affordable housing, community facilities, and commercial buildings in rural areas through the Rural LISC initiative. Eight of them have agreed to participate in a new partnership with LISC and the Rural Housing Services Section 502 homeownership loan program to leverage CIP advances

• **Local Homeownership Partnerships:** FHLBanks have participated in the formation of local partnerships in Illinois, Iowa,

California, Massachusetts, Connecticut, and Tennessee.

• **Housing for Native Americans:** Several of the FHLBanks participated in HUD conferences/training sessions on lending to Native Americans, and the FHLBanks of Dallas, San Francisco, and Seattle have signed an agreement with the Navajo Nation to commit AHP funds for specific projects on tribal-held lands. The Finance Board approved the Minnesota Chippewa Housing Corporation as a nonmember

(See NPH, page 7)

National NPH Meetings Set for July, August

Seven National Partners for Homeownership conferences will be held in July and August. For more information, contact Aspen Systems at (301) 251-5650.

JULY

- 16 - Denver, Colorado
- 23 - Portland, Oregon
- 30 - Pittsburgh, Pennsylvania

AUGUST

- 5 - New Orleans, Louisiana
- 6 - Kansas City, Missouri
- 15 - Oakland, California
- 20 - Lansing, Michigan

mortgagee (see Building Blocks, Vol. 4 No. 2, Winter 1995).

- **District Priorities:** Six FHLBanks have established a priority in their AHP programs for homeownership projects. The FHLBanks of San Francisco and Boston have modified their scoring systems to enable homeownership applications to better compete with rental applications for AHP funding.
- **New Homeownership Initiatives/Products:** The FHLBank of Dallas created the Helping Hand program that allows members to receive grants

(generated from the difference between the FHLBank's cost of funds and its regular advance rate) in conjunction with the FHLBank's advances. The grants are for downpayments, closing costs, principal reduction, or principal guarantees. In May, the FHLBank of Dallas unveiled its site on the World Wide Web. The site includes information on development of affordable housing projects using AHP and CIP.

The FHLBank of Topeka now offers regular and CIP advances with terms of up to 30 years for housing targeted to households with

incomes below 80 percent of the area median income.

The FHLBank of Seattle prepared a step-by-step guide for housing development for financial institutions in small, rural cities and towns, while the FHLBank of Cincinnati created the First Step Home Program utilizing CIP advances for downpayment and closing cost assistance.

State housing finance agencies (HFAs) in 4 states have been approved as nonmember mortgagees, bringing to 26 the number of HFAs that may borrow directly from FHLBanks. ☐

RESOURCES

The American Bankers Association has recently released "Realizing the American Dream," a set of five workbooks for use with an 8-12 hour series of consumer seminars for first-time home buyers. The series provides both instructor and student workbooks. For price listings and more information call the ABA at (202) 376-2639.

The National Council of State Housing Agencies has published "Housing Credits, MRBs, and HOME: Powerful Partnerships. Proven Results," documenting the creation of housing credits, MRBs and the HOME program to mobilize private capital to finance affordable housing for lower income families. For more information contact the NCSHA, Suite 438, 444 North Capital Street, Washington, D.C.

20001, or by calling (202) 624-7710.

"Partnerships that Perform," a recent publication by **The Enterprise Foundation**, examines nine successful housing initiatives completed with the help of federal low-income housing tax credits. For more information, contact The Enterprise Foundation, Suite 500, 10227 Wincopin Circle, Columbia, MD 21044, or by calling (410) 964-1230.

The Federal Reserve Bank of Minneapolis recently released a five-set video series detailing the process of lending to individuals buying homes on Native American reservations and trust-held lands. The series costs \$145. For more

information call (800) 553-9656, extension 2290.

"Would You: Live There?: Housing for People with Special Needs" is available from the **Community Information Exchange**. In this first national analysis of programs sponsored by community-based nonprofits for persons with special needs and their families, looks at changes in financing, production, and operation of special-needs housing. The 20-page, \$9 book is available by writing to the CIE, Suite 710, 1029 Vermont Ave. NW, Washington D.C. or by calling (202) 628-2981.

"In Short Supply: The Growing Affordable Housing Gap" is
(See **RESOURCES**, page 8)

available by writing to the **Center on Budget and Policy Priorities**. Suite 705, 777 North Capitol Street. Washington. D.C. 20002, or by calling (202) 408-1080.

"Empowerment: A New Covenant With America's Communities." President Clinton's first national urban policy report is available for \$4 from **HUD USER** P.O. Box 6091, Rockville, MD 20849, or by calling (800) 245-2691.

"Empowerment Zones/Enterprise Communities," a two-volume set of studies on these two new social ideas. is available from the **University of Tennessee's Community Partnership Center**. Room 108N. 1400 Cumberland Ave. - Hoskins, Knoxville. TN 37996-4015, or by calling (615) 974-4542.

"Funding Sources for Community and Economic Development - 1996." a comprehensive guide for funding social and human services at the community level is available from **Oryx Press**, Suite 8700, 4041 North Central Ave.. Phoenix AZ 85012-9759, or by calling (800) 279-6799.

"There Goes the Neighborhood?: the Impact of Subsidized Multi-Family Housing on Urban Neighborhoods," (96 pp.) is available from the **Center for Urban and Regulatory Affairs**. 330 Hubert H. Humphrey Center, 301 19th Ave. S., Minneapolis. MN 55455, or by calling (612) 625-1551.

"Building an Inclusive Community: Tools to Create Support for Affordable Housing" a 65-page book is available for a \$20 donation by writing to **HomeBase**. Box 1228, 870 Market Street. San Francisco. CA, or by calling (415) 788-7961.

"State Housing Profiles" is a new chartbook by AARP containing a variety demographic data on homeowners and renters. It is available by writing to the **AARP**, Room B6-341, 601 E Street, NW. Washington. D.C., 20049.

"Managing the Money Side: Financial Management for Community-Based Housing Organizations" is available for \$52.50 (\$37.50 for housing nonprofits) from the **Institute for Community Economics**. 57 School Street. Springfield. MA. 01105-1331, or by calling (413) 746-8660

"The NRDFC News" is a new quarterly publication of the **National Rural Development and Finance Corporation** For more information. contact NRDFC News, Suite 350, 711 Navarro Street. San Antonio. TX 78205, or call (210) 212-4552.

"A Developer's Guide to the Low-Income Housing Tax Credit" is a 500-page book available for \$71.95 by writing to the **National Council of State Housing Agencies**. Suite 438, 444 North Capitol Street, Washington, D.C. 20001, or by calling (202) 624-7710.

"Slicing the Pie: A Report on State and Local Housing Strategies." a 47-page book. is available by writing to the **Low-Income Housing Information Service**. Suite 1200, 1012 14th Street NW. Washington, D.C.. or by call (202) 662-1530.

"Religious Institutions as Partners in Community-Based Development" was the theme for the February 1995 issue of Progressions. a **Lilly Endowment** publication. and can be obtained by writing the organization at 2801 North Meridian Street. P.O. Box 88068, Indianapolis, IN. 46208, or by calling (317) 924-5471 ☐

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